

**Internal Revenue Service  
P.O. Box 2508  
Cincinnati, OH 45201**

**Department of the Treasury**

**Release Number: 201217024  
Release Date: 4/27/2012  
Date: February 1, 2012**

**Employer Identification Number:**

**Contact Person - ID Number:**

**Contact Telephone Number:**

**LEGEND**

**UIL 4945.04-04**

U = State  
V = Name  
X = Name of Grant  
Y = School System  
Z = School System

b = number  
c = number  
q = grant amount  
t = number range  
w = number range

Dear

We have considered your request for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code, dated October 13, 2011.

Our records indicate that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program called X.

X was established to provide teachers in Y or Z with grants for the purpose of supporting projects that are personally renewing and intellectually revitalizing to individual teachers. The fund will encourage teams of eligible teachers to submit collaborative proposals as well as encourage licensed teachers to submit individual proposals for a grant.

The grants are for q dollars. The grants will not be repaid by the recipients and are not loans. You anticipate that w grants will be made in each year, but at least c will be made each year. You anticipate t applicants each year.

Your program will be publicized through the V website, and a flyer will be provided to Y and Z.

Your program is available to licensed teachers in Y and Z who have been employed by one of the school systems for at least a year. Guidance counselors and library media specialists are also eligible to apply. The applicant must be employed full time and must be U certified in grades K-12. The number of individuals who are qualified to apply for a grant is approximately b.

Applicants must commit to a six week full time project during the summer. The recipients of the grant will be able to do additional work after the summer period to extend the original project or to develop connections to classroom teaching.

Applicants complete an information form in order to apply for the grant. In addition to submitting the personal information form, a description of the project, a budget and a copy of a valid U teaching license, an applicant also must provide a recommendation letter.

Your officers, directors, trustees or substantial contributors, members of the selection committee, or relatives of your officers, directors, trustees or substantial contributors, or members of the selection committee are not eligible for these awards.

At this time, the selection committee includes: a retired English teacher and principal, an attorney in U, who is one of your trustees, and another member of your trustees. The selection committee is independent with two of the selection committee members from outside the area.

The selection will be made based on the proposals of the applicants. The proposals will be judged on substance, clarity, feasibility and research. The selection committee will review the expected direct and indirect benefits of the proposal to the teacher, his or her students and the school system.

The grant is based solely on merit. The applicants will be judged by the selection committee using a rubric that ranks the applicants to determine who should be recommended for funding. You indicated that the proposals that reveal evidence that the grant would improve both the educational experience for the teacher and for the students would be chosen over others.

Grant recipients will be selected without regard to race, sex, color, creed, religious preference, age, national origin, or disability.

A congratulatory letter will be sent with a formal grant letter to be signed by the grant recipient accepting the grant along with a Form W-9, a budget report, and a form describing the rules and procedures for the grant. All grants will be numbered and documentation will be retained for each project which is accepted.

The grant is a one time grant and will not be renewed.

You will receive and review grantee reports annually upon completion of the purpose for which the grant was awarded and will investigate any diversion of funds from their intended purposes. You will take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are

used for their intended purposes and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

The grant recipient will receive a Form 1099-MISC for the grant in the year of the award. The rules sent to the recipient and the grant acceptance form detail for the recipient the documentation that must be submitted. This includes a final budget and summary regarding the grant and the impact in the county. The grant agreement will state that the recipient will be asked to repay the Trust if the recipient cannot complete the project.

If a member of the selection committee would derive a private benefit, directly or indirectly if certain grant recipients are selected over others, then that member of the selection committee may not participate in the selection of those grant recipients.

You will maintain case histories showing the recipients of the grants, including their names and address, the purpose of the grant, and the manner of the selection. The recipients of the grants must prepare a final narrative and financial report. You will maintain the application and the final report for each grant along with the grant acceptance letter.

You also agree to maintain records that include the following:

- (i) Information used to evaluate the qualification of potential grantees;
- (ii) Identification of the grantees (including any relationship of any grantee to the private foundation);
- (iii) The amount and purpose of each grant; and
- (iv) All grantee reports and other follow-up data obtained in administering the private foundation's grant program.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner  
Director, Exempt Organizations

Enclosures:  
Notice 437